

## City of Loveland

### Modified and Restated Urban Renewal Plan:

### Block 41 - Finley's Addition

*Original Plan Adopted 2005  
Modification of Plan Adopted 2012*

*Plan Modification Prepared by:  
MTA Planning & Architecture  
608 South Mason Street  
Fort Collins, CO 80524*



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# **City of Loveland Modified and Restated Urban Renewal Plan: Block 41 - Finley's Addition**

*Original Plan Adopted 2005*

*Original Plan Prepared by:  
City of Loveland  
Community Services Department  
Long Range Planning Division  
500 E. 3<sup>rd</sup> Street  
Loveland, CO 80537*

*Modification of Plan Adopted 2012*

*Plan Modification Prepared by:  
MTA Planning & Architecture  
608 South Mason Street  
Fort Collins, CO 80524*

# 1. Introduction

On April 26, 2005, the Loveland City Council (“Council”) and the governing board of the Loveland Urban Renewal Authority (“Authority”) approved in Resolution No. R-33-2005 and Resolution No. R-35-2005, respectively, the “City of Loveland Urban Renewal Plan: Block 41 – Finley’s Addition” (“2005 Plan”). This “City of Loveland Modified and Restated Urban Renewal Plan: Block 41 – Finley’s Addition” dated \_\_\_\_\_, 2012, (“Plan”) is intended to be a substantial modification and restatement of the 2005 Plan.

The 2005 Plan and this Plan have both been prepared and approved by the Council and the Authority in accordance with all applicable requirements of the Colorado Urban Renewal Law, C.R.S. § 31-25-101, *et seq.* (“Urban Renewal Law”).

The real property originally in the urban renewal plan area of the 2005 Plan is depicted and described in **Appendix A** (“Original Area”). The 2005 Plan is being substantially modified in this Plan by adding to the Original Area the real property depicted and described in **Appendix B** (“Added Area”) and by modifying the scope of the urban renewal activities authorized within the combined Original Area and Added Area (jointly, “Modified Area” or “Plan Area”) as hereafter provided. The Modified Area or Plan Area is depicted and described in **Appendix C**.

In support of the modifications of the 2005 Plan as contained in this Plan, a blight survey of the Added Area has been conducted as evidenced in the “Conditions Survey” dated \_\_\_\_\_, 2012, prepared by MTA Planning and Architecture (“Survey”). The Survey identifies the presence of sufficient factors to establish that the Added Area is a “blighted area” as defined by the Urban Renewal Law. The Survey also establishes that these identified factors: (1) substantially impair or arrest the sound growth of the City of Loveland (“City”); (2) retard the provision of housing accommodations; (3) constitute an economic or social liability; and (4) are a menace to the public’s health, safety, morals or welfare.

The Added Area, before its inclusion in the Modified Area, was located in the City’s downtown urban renewal plan area (“Downtown Area”) as established in 2002 in the City’s “Urban Renewal Plan for Downtown Loveland” approved by the Council in Resolution No. R-74-2002 (“Downtown Plan”). On December 6, 2011, the Council adopted Resolution No. R-85-2011 approving a minor modification to the Downtown Plan causing the removal of the Added Area from the Downtown Area contemporaneously with and conditioned upon the Council’s approval of this Plan. A “Vicinity Map” depicting the boundaries of the Downtown Area in relationship to the boundaries of the Modified Area is attached as **Appendix D**.

The Authority shall govern the preparation and execution of any documents and activities related to the implementation and administration of this Plan. It is the intent of the Authority that the objectives of this Plan will be achieved primarily through cooperation between the public and the private sector, utilizing the incentives and tools available from all sources, including the Authority. It is also the Authority’s intent that implementation of this Plan be sensitive to the concerns of area property owners, businesses and residents.

## 2. Conditions Survey

The Survey was performed by MTA Planning and Architecture in December 2011 through January 2012. The Survey concludes that the Added Area meets the criteria established in C.R.S. Section 31-25-103(2), and is a blighted area.

The Survey also confirms that the existence of the combination of blight factors in the Added Area “substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals or welfare” as required in the Urban Renewal Law. The Survey shows that the following seven (7) conditions set forth in Section 31-25-103(2) of the Urban Renewal Law exist within the Added Area described as the Urban Renewal Area:

- *Statutory factor (a) – Slum, deteriorated, or deteriorating structures;*
- *Statutory factor (c) - Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;*
- *Statutory factor (d)- Unsanitary or unsafe conditions;*
- *Statutory factor (e) - Deterioration of site or other improvements;*
- *Statutory factor (i) – Building that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;*
- *Statutory factor (j) – Environmental contamination of buildings or property;*
- *Statutory factor (k.5) - The existence of health, safety, or other welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements.*





Exhibit 1

### 3. The Urban Renewal Boundaries

According to the Urban Renewal Law, the jurisdictional boundaries of the Authority shall be the same as the boundaries of the municipality. Within the municipal boundaries there may be one or more urban renewal areas.

#### **3.1 Urban Renewal Area Boundaries for Plan Area**

The Added Area, as depicted and described in **Appendix “B,”** includes the Larimer County office building parcel, the former Home State Bank parcel, the City’s Museum parcel, the parking lot across 5<sup>th</sup> Street south of the Museum, certain portions of 5<sup>th</sup> Street and 6<sup>th</sup> Street rights-of-way, certain portions of North Jefferson Avenue and North Lincoln Avenue rights-of-way, and the alley rights-of-way in Block 12. The Original Area, as depicted and described in **Appendix “A,”** includes the Lincoln Place building including the full right-of-way at East 6<sup>th</sup> Street adjacent to that building together with the right-of-way to the center line at East 5<sup>th</sup> Street,

North Jefferson Avenue and North Lincoln Avenue adjacent to the Lincoln Place building. The combination of the Original Area and the Added Area results in the Modified Area or Plan Area, as depicted and described in **Appendix “C,”** being the boundaries of the urban renewal plan area under this Plan.

## **4. Urban Renewal Goals and Supporting Plans**

### **4.1 Urban Renewal Goals**

The purpose of this Plan is to eliminate blight in the Plan Area and to implement the Loveland Comprehensive Master Plan and related functional plans. The principal goal of this Plan is to redevelop the Plan Area by private enterprise.

The redevelopment of the Plan Area will be accomplished through attraction of new commercial and mixed-use development, and the prevention of deterioration of properties in the Area. The effort will involve the Authority and the City, with the cooperation of the private sector. The actions of the Authority should be in accordance with the following Plan goals:

**G1: To eliminate and prevent conditions of blight which constitute economic and social liabilities to the community.**

**G2: To prevent physical and economic deterioration of the Plan Area.**

**G3: To attract capital investment in the Loveland downtown, and to assist in the retention and expansion of existing businesses, thus strengthening the City’s economic base.**

**G4: To create a stable tax base.**

**G5: To facilitate the development of mixed used projects in the Loveland downtown area.**

### **4.2 Loveland Comprehensive Plan (2005)**

The 2005 Loveland Comprehensive Plan (“Comprehensive Plan”) describes the general land use categories in the community, and identifies the downtown as an activity center that includes a mix of uses designed to provide shopping, services, public uses, and residences.

The vision for downtown Loveland is stated in the Comprehensive Plan as follows: *“The Downtown will have remained the cultural heart of Loveland. The Downtown will have been revitalized as a pedestrian friendly area with shopping, restaurants, cultural facilities, employment, and housing.”*

The objectives stated in Comprehensive Plan Section 4.2 *Land Use Goals and Objectives*, that support urban renewal activities in the downtown are:

*LU1: Emphasize flexibility within the Land Use Plan while building on the existing land use pattern.*

*LU2: Place an equal importance on the quality and character of new residential neighborhoods in each quadrant of the city, while at the same time maintaining or upgrading of existing neighborhoods.*

*LU3: Include development of multi-use activity centers at the regional, community (Downtown), and neighborhood levels as a part of the Land Use Plan.*

*DTLUI: The City recognizes that Downtown Loveland is a unique and historic commercial area. Development within downtown should be sensitive to the historic character of the area and reflect the guiding principles, goals, and objectives established for the Downtown contained in the General Plan Organizational Framework. To that end, the City encourages development in the Downtown that:*

*1A. creates reasons for people to frequent the Downtown through activities such as entertainment, recreational activities and special events;*

*1B. encourages the preservation of historic buildings and enhances the historic flavor of the Downtown;*

*1C. strengthens and diversifies the retail, economic and employment base in the Downtown;*

*1D. encourages the development of art, cultural and educational opportunities;*

*1E. ensures that downtown livability is enhanced;*

*1F. provides continued support for infrastructure and parking improvements; and*

*1G. encourages downtown locations for development of regional meeting and events facilities.*

#### **4.3 Land Use Plan (2007)**

The 2007 Land Use Plan (“Land Use Plan”) defines the “Downtown Activity Center,” as follows:

*The Downtown area continues its traditional role as the city center. Downtown Loveland has roots as the civic, cultural, and commercial center of the city dating back to the turn of the 20th century. The importance of maintaining the Downtown as a viable activity center in the city is apparent in its unique qualities of walk-ability, architectural style, historical ambiance, and mix of land uses. Many of the positive qualities of the Historic Business District are being strived for in new development efforts in the city. The Historic Business District has matured into an activity center that represents both the past and future of the City of Loveland, and thus serves as a destination for visitors from local and international origins. Its century-long vitality demonstrates the workability, resilience, and logic of a true activity center. The City should encourage policies and incentives to preserve the historic nature of downtown Loveland.*

The Land Use Plan recommends development guidelines that encourage streetscape improvements, outdoor seating and preservation of the historic character. It states that the downtown shall serve the needs of all of the residents and have the highest residential densities at 25 units per acre. The B-e Zoning district was created in 2003 in part to facilitate the types of development articulated in the Land Use Plan. This includes higher residential density, mixed-use development and higher allowable height for buildings.

#### **4.4 Strategic / Business Plan for Downtown Loveland (2009)**

The Comprehensive Plan also identified the need for a group to guide downtown efforts, which led to the creation of the Loveland Downtown Team (“LDT”). The LDT is comprised of community members, building owners, merchants and four members of the Council. With the support of the LDT’s efforts, the Strategic / Business Plan for Downtown Loveland was drafted and ultimately approved in 2009 (“Downtown Business Plan”). The Downtown Business Plan is



intended to serve as a guide for downtown efforts for the next five to ten years. Through the Downtown Business Plan and the leadership of the LDT, the Council, non-profits, and local residents the downtown will be positioned to attract private investment in the downtown, enhance the arts and culture and contribute to the broader economy of Loveland. Through the planning efforts of the Downtown Business Plan there evolved a set of *principles* that were intended to guide actions over the course of that Plan, as follows:

**Principle #1) Revitalization efforts must be focused on addressing the underlying economics that govern Downtown.**

*While the vision stresses Downtown as the cultural heart of Loveland, it is critical to address the economics particularly the lack of housing density and quality office space. By continuing to add new residential units and improving the quality of office space to attract and retain employers, the retail environment will greatly improve and help to increase value in the Downtown buildings. At current lease rates for building space (less than \$10 per square foot), it is difficult for property owners to make significant reinvestments in their buildings, which has led to the current cycle of neglect. With a revitalized building market functioning properly, vibrant housing market and thriving retail establishments, there will emerge a clear rationale for investment by the private sector, allowing the public sector to step back.*

**Principle #2) Public investments in infrastructure and other facilities should be used to leverage private investment.**

*Any revitalization effort needs to be focused on attracting private investment. For the economic market to work, private investors need to see financial gains from making investments and assuming risk in Downtown Loveland. The public sector can help to mitigate some of the risk and support catalyst projects by strategically applying its public resources. This includes investments in street rights of way, public utilities, land clearance and other methods such as New Markets Tax Credits and Brownfield Tax Credits.*

**Principle #3) Private/Public partnerships are essential.**

*Under the current conditions, the public sector needs to set the vision and provide leadership to support Downtown revitalization. Due to the risks involved in Downtown investment, the private sector is unlikely to make a significant commitment without a public partner. Downtown needs to use its leverage from strategic public investments to attract private investment in Downtown. Stakeholders need to work with local banks, developers and property owners to identify potential partners in the revitalization process. Attracting private investment is critical to the long-term success of Downtown.*

**Principle #4) The Downtown must embrace its market strengths particularly the agglomeration of arts and culture.**

*The need to improve the overall economic vitality of the Downtown will have the secondary effect of enhancing the cultural offerings in Downtown. Having greater residential density will add to the customer base for the Rialto Theater and the Museum, just as it will provide regular customers for the retail establishments in Downtown. The City has defined itself as a destination for arts and culture. There are numerous talented artists and renowned galleries that serve as a destination for patrons around the State and the Country. The Downtown needs to capitalize on that energy and build off its art and culture community. An appeal to the arts and to heritage tourism through a revitalized historic core can benefit the entire community by bringing new spending into Loveland.*

Principle #5) Efforts must seek broad community support and buy in.

*Downtown is part of a much bigger region and will only succeed with community support. The residents of Loveland are the shoppers, the diners and the patrons of the cultural facilities in Downtown. We need their support to make the Downtown work both economically and politically.*

Principle #6) Downtown should identify and use many different “tools”.

*There are many different tools that can be used to support revitalization in Downtown including tax credits, financial grants, public infrastructure improvements, supportive policies, tax increment financing and using local resources to leverage capital. Having the flexibility of many different “tools” allows the Downtown to be flexible in developing strategies to address different needs. The different “tools” can also be used to close the financing gap, mitigate risk to investors, market the Downtown and ultimately attract investment.*

Principle #7) this is a long-term strategy.

*Revitalization does not occur overnight. The strategy is designed to promote the best possible outcome for the Downtown, but it will take time. Some of the financial and community impact may not become readily evident in the first few years. Our actions should be measured over the course of decades, and not months or years.*

Additionally the Downtown Business Plan included Goals and Action Steps intended to guide actions and help achieve success in downtown as follows:

Goal #1) **Maintain** and enhance the economic vitality of Downtown through private/public partnerships.

*Actions:*

- *Identify and support strategies to increase Downtown density and improve the climate for employment.*
- *Improve the public infrastructure and use investments to leverage private investment.*
- *Provide cost estimates for infrastructure improvements that would support private investment in Downtown.*

Goal #2) **Identify** funding gaps to project development and structure tools to fill the gaps and achieve development

*Actions:*

- *Identify funding methods to fill the funding gaps including equity contributions of land and site improvements that include parking.*
- *Strategically use Tax Increment Financing to incent catalyst projects.*
- *For catalyst projects, seek opportunities for streamlined development approvals and fee waivers.*
- *Look at using Special Improvement Districts where appropriate.*
- *Identify other funding options, as appropriate.*
- *Facilitate the rehabilitation of historic buildings in the downtown through existing tools including the City's façade program.*

Goal #3) **Identify** and support strategies to enhance and expand the cultural offerings in Downtown

*Actions:*

- *Complete the museum expansion and address the space needs of the Rialto Theater.*
- *Develop the Downtown as a cultural district.*

Goal #4) **Identify** strategic catalyst projects that will significantly improve the economic conditions in Downtown

*Actions:*

- *Increase the housing density to a level commensurate with the existing zoning, 25 units per acre. The current housing density is approximately two units per acre for the core of Downtown.*
- *Improve the quality of office space to support employment growth in Loveland.*
- *Assemble smaller parcels for the purpose of creating denser vertical buildings in Downtown.*
- *Include affordable housing units as part of any new development.*

Goal #5) **Develop** and maintain a living Strategic Infrastructure Master Plan for the downtown

*Actions:*

- *Consider strategically the desired improvements in downtown; assess available and prospective funding sources; and prioritize downtown improvements.*
- *Wherever practicable, seek to link downtown improvements to redevelopment projects.*
- *Assess maintenance needs for existing public infrastructure downtown.*
- *Actively manage the downtown parking supply to support existing business and facilitate re-occupancy.*

Goal #6) **Proactively** market the Downtown district

*Actions:*

- *Determine the brand identity for Downtown.*
- *Create a marketing plan for Downtown with the support of the non-profits.*

Goal #7) **Work** collaboratively with non-profits, the LDT, Urban Renewal Authority and the City of Loveland to achieve the best long-term outcomes

*Actions:*

- *Seek to broaden the coalition by including more participation from the Arts, the Chamber of Commerce and other interested groups.*
- *Build strong coalitions to increase community support for Downtown revitalization efforts.*

## **5. Authorized Urban Renewal Activities**

The Urban Renewal Law authorizes this Plan, which recommends a wide range of activities. It is the intent of the Authority to provide incentives to stimulate private investment in cooperation with property owners and other affected parties to accomplish the objectives of this Plan. Public-private partnerships and joint-venture development will be the key to the Authority's strategy for preventing the spread of blight and eliminating blight conditions.

### **5.1 Owner Participation Agreement**

The Authority may enter into ownership participation agreements with property owners or developers in the Plan Area for the development, redevelopment or rehabilitation of their property. These agreements would facilitate participation and assistance that the Authority may choose to provide to such owners and developers.

Owner participation and other agreements of this nature will contain, at a minimum, provisions requiring:

- Compliance with the Plan and all applicable City ordinances and regulations.
- Covenants to begin and complete development, construction, or rehabilitation of both public and private improvements within a period of time considered to be appropriate by the Authority.
- The financial commitment(s) of each party.

### ***5.2 Property Acquisition***

In the event that the Authority determines it is necessary to acquire real property to implement this Plan, the Authority may do so by any means available by law, except that the Authority shall not exercise the power of eminent domain to acquire property.

The Authority may acquire property for the following reasons:

- a) to eliminate or reverse the trend of conditions of blight;
- b) to carry out one or more objectives of this Plan;
- c) to assemble property for redevelopment by private enterprise;
- d) for needed public improvements;
- e) and for any lawful purpose authorized by this Plan, subject to the provisions of the Urban Renewal Law, or any other applicable law.

### ***5.3 Property Management***

From time-to-time, it may be necessary for the Authority to acquire property and maintain it until such time when the property can be integrated into a larger assemblage of land to complete a redevelopment project.

During the period that the Authority owns this acquired property, such property will be under the management and control of the Authority and may be rented or leased pending its disposition for redevelopment.

### ***5.4 Relocation Assistance & Payments***

It is not expected that the activities of the Authority in carrying out this Plan will displace any person, family or business. However, to the extent that, in the future, the Authority may acquire property that displaces any person, family or business, it shall develop a relocation program to assist any such party in finding another location under such terms and conditions as it may determine are consistent with the requirements of applicable law.

### ***5.5 Demolition, Clearance & Site Preparation***

The Authority may demolish and clear buildings, structures, and other improvements from any property it acquires in accordance with this Plan. The Authority may provide rough and finished site grading and other site preparation activities as part of a specific redevelopment program. The Authority will not undertake the demolition or clearance of structures or sites that are officially landmarked by the State, federal government, or local historic preservation authorities without their approval.

### ***5.6 Public Improvements and Facilities***

Public improvements and cooperation by the public sector (the Authority and the City) with the private sector will be considered insofar as such improvements and actions enhance the success

of redevelopment of the Plan Area and respond to community needs. The Authority will look for opportunities to coordinate with other planned capital improvement projects identified by the City in its capital improvement plans and finance special enhancements. In accordance with the City's 2030 Transportation Plan, the inclusion of pedestrian features, entryway features, and road improvement projects are examples of enhancement opportunities.

#### ***5.7 Property Disposition***

The Authority may dispose of property it acquires by means of a reasonable competitive bidding process it established in accordance with the Urban Renewal Law and pursuant to redevelopment agreements between the Authority and such purchasers. All such agreements shall conform with the requirements of the Urban Renewal Law.

#### ***5.8 Cooperative Agreements***

For the purposes of planning and implementing this Plan, the Authority may enter into one or more cooperative agreements with the City or other public entities. Such agreements may include provisions regarding project financing and implementation; design, location and construction of public improvements; and any other matters required to implement this Plan.

#### ***5.9 Other Plan Undertakings & Activities***

The Urban Renewal Law authorizes the Authority to undertake zoning and planning activities to regulate land use, maximum densities, and building requirements in the urban renewal area. For purposes of implementing this Plan, the Authority shall defer governance of the aforementioned activities to the City under its Municipal Code and other applicable municipal standards and regulations.

## **6. Plan Financing**

The Authority is authorized to finance implementation of the Plan by any method authorized by the Urban Renewal Law or any other applicable law, including, without limitation:

- Appropriations, loans, grants or advances from the City,
- Federal loans and grants,
- State loans and grants,
- Interest income,
- Agreements with public and private parties or entities,
- Sale of securities or other assets,
- Property and sales tax increments, and
- Loans and advances from any other available source.

Such methods may be combined to finance all or part of the Plan activities. Any financing method authorized by the Plan or by any applicable law, may be used to pay the principal of and interest on indebtedness and to establish reserves for indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Authority or City to finance any project contemplated by this Plan or undertaken pursuant to the Plan, either in whole or in part, or for any other purpose permitted by law.

The Authority is authorized to issue notes, bonds, or any other financing instruments or documents in amounts sufficient to finance all or part of any urban renewal project under this Plan. The Authority is authorized to borrow funds and to create indebtedness in carrying out this Plan. The principal, interest and any premiums due in connection with such indebtedness may be paid from tax increments or any other funds available to the Authority.

#### ***6.1 Tax Increment***

Any urban renewal project under this Plan may be financed by the Authority under the tax allocation financing provisions of the Urban Renewal Law. Under the tax allocation method of financing an urban renewal project, property taxes levied after the effective date of the approval of this Plan upon taxable property in the Plan Area each year by or for the benefit of any public body and all of the municipal sales taxes collected within the Plan Area, or both such taxes, shall be divided for a period not to exceed the term of this Plan as set forth in Section 9 below.

##### ***6.1.1 Base Amount***

That portion of the taxes which are produced by the levy at the rate fixed each year by or for such public body upon the valuation for assessment of taxable property in the Original Area last certified prior to the effective date of approval of the Downtown Plan and as to the Added Area, the effective date of this Plan, and that portion of municipal sales taxes collected within the boundaries of the Original Area in the twelve-month period ending on the last day of the month prior to the effective date of the Downtown Plan and for the Added Area that portion of municipal sales taxes collected within the boundaries of the Added Area in the twelve-month period ending on the last day of the month prior to the effective date of this Plan or, both such portions, shall be paid into the funds of each such public body as are all other taxes collected by or for said public body. These base amounts for both property and sales taxes shall be subject to the adjustment as provided in CRS Section 31-25-107(9)(e).

##### ***6.1.2 Increment Amount***

That portion of said property taxes in excess of such base amount and that portion of said municipal sales taxes in excess of such base amount, shall be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans or advances to, or indebtedness incurred by (whether funded, refunded, assumed or otherwise) the Authority for financing or refinancing, in whole or in part, an urban renewal project. Since the Original Area was created and as of the end of 2011, the Larimer County Treasurer has collected and paid to the Authority approximately \$540,000 in property tax increment.

Unless and until the total valuation for assessment of the taxable property in the Modified Area exceeds the base amount of the assessment of that taxable property as described in Section 6.1.1 above, all of the taxes levied upon such taxable property shall be paid into the funds of the respective public bodies. Unless and until the total municipal sales tax collections in the Modified Area exceed the base amount of municipal sales tax collections as described in Section 6.1.1 above, all such sales tax collections shall be paid into the funds of the City.

When all bonds, loans, advances and indebtedness, including interest thereon and any premiums due in connection therewith, incurred under this Plan have been paid, all taxes upon the taxable



property in the Modified Area shall be paid into the funds of the respective public bodies and all such municipal sales tax collections in the Plan Area shall be paid into the funds of the City.

#### **6.2 URA Plan Area Financial Performance**

Since the inception of the 2005 Plan, the biggest accomplishment within the Original Area to date has been the construction of the Lincoln Place mixed-use project, which is considered to be a catalyst for other downtown development. It consists of 200 rental apartments (currently fully leased), 22,000 square feet of retail space, and an attached parking structure. The project was initiated through a request-for-proposal process for a vacant site adjacent to downtown. One million dollars in incentives for public infrastructure was provided in addition to \$2 million in fee waivers, which supported the \$26 million private investment. The development project was a highly successful public / private partnership that has changed the dynamic of the downtown. The development has revealed a demand for market rate urban style housing that was not clear prior to its construction. According to the Authority's agreement with the developers of the project, property tax increment will be used to reimburse the developer for the infrastructure costs. In 2008, the payback period was expected to last eight years. As of 2010, for taxes to be collected in 2011, the base asset value of the privately owned real property in the 2005 Plan was \$187,818. The addition of the Added Area would increase the value of the base by about \$50,000, and this will be determined by the Larimer County Assessor's Office. Since the Original Area was created and as of the end of 2011, the Larimer County Treasurer had collected and paid to the City approximately \$540,000 to the Authority as property tax increment.

#### **6.3 URA Plan Area Financial Projections**

There are three categories of financial projections within the Modified Area included in this analysis: (1) Lincoln Place into the future; (2) hypothetical catalyst projects (small, medium, and large) identified in the Downtown Business Plan; and (3) the anticipated North Catalyst Project (Brinkman Project) described in Section 6.3.3 below.

##### **6.3.1 Lincoln Place Financial Projections**

Over 18 years, it is projected that the Lincoln Place property will appreciate in value by two percent (2%) per year. The total tax increment after the repayment to the developer for the public improvements for the life of the project is projected to be \$2,477,329. The return on investment for this project is eleven percent (11%). This is considered to be a conservative estimate as major portions of the retail portion of the project are not yet occupied. A less conservative, yet realistic high-end estimate of future property tax increment from the Lincoln Place property under this Plan has been set at \$2.8 million. Future sales tax collection at the site could reach over \$1 million over the 16-year remaining term of this Plan.

##### **6.3.2 Hypothetical Catalyst Concepts**

As part of the Downtown Business Plan, three hypothetical catalyst projects were conceptualized to guide the actions of the City (and ultimately the Authority) with regard to downtown redevelopment over the next five to ten years. To develop the catalyst project concepts, a real estate pro-forma was completed for three different scenarios that includes projected hard costs (land, construction, etc), soft costs (fees, reserves, etc) and projects revenue based on current market conditions. The scenarios used some real data, but were made generic so that the application may be used in various sites depending on the opportunity. Real property value information, cost per square foot, rental rates and other information is used to present a clear and

accurate picture of the climate for investment in downtown. The information was provided to evaluate the potential for catalyst projects using real data. There were three catalyst scenarios presented in the Downtown Business Plan:

***Small Catalyst Project:***

This concept is a 50,000 square feet mixed-use project with 20 new residential units, 25,000 square feet of commercial space with identified employer on a high visibility location in downtown. The small catalyst project was based on a private/public partnership that would assemble, scrape and build a new four-story, mixed-use building. The existing properties would be single story and in poor condition. Individually, the properties are would not be large enough to sustain vertical development and the existing condition would be such that the buildings could not command market rents for downtown. The concept envisions two stories of retail and office in conjunction with an employer, along with housing on the third and fourth floors. The projected tax increment for this project would be \$1.4 million in property tax and nearly \$91,000 in sales tax.

***Medium Catalyst Project:***

This concept is a 100,000 square feet mixed-use project with 47 new residential units and 35,000 square feet of commercial space. The building would include partial public ownership in a high visibility location for arts and culture in downtown. The concept assumes a private/public partnership that would assemble, scrape and build a new five-story building. The upper stories would have excellent mountain views and could be luxury rental units. The lower area would be prime gallery space due to its proximity to existing facilities. The project envisions the first and second floors as commercial with some additional public space. The upper stories would be housing. The projected tax increment for this project would generate an additional property tax increment of \$2.5 million and sales tax of \$212,000. The total tax increment from this project would be \$2.7 million over the remaining life of this Plan.

***Large Catalyst Project:***

This concept is a 275,000 square foot mixed-use redevelopment with 165 new residential units and 75,000 square feet of commercial space. The project also assumes construction of a 300 space public parking deck. The concept calls for a full city block that includes a sixth story setback to meet existing zoning standards, but to take advantage of mountain views. The project envisions 50,000 square feet of commercial space would be used by a public sector partner. The upper stories would be residential with the lower floors commercial and retail. The impacts are substantial: \$7 million of property tax increment and \$783,000 of sales tax increment over the remaining life of the project. The total value of the tax increment of such a project would be \$7.8 million. The increment could be used to meet the financing gap as identified previously or applied to public improvements. This project includes sales tax increment for two reasons. The first is that additional households locating in the downtown would be expected to spend a share of their disposable income in their own neighborhood. Second, based on this spending propensity of downtown households, additional retail, including retail in the project itself, would locate in the downtown. This theory applies to the Medium and Small Catalyst projects as well.

The chart on the following page includes the development scenarios and financing for these catalyst development projects:

<b>Catalyst Project Scenarios</b>	<b>50,000 Square Foot Mixed Use Project</b>	<b>100,000 Square Foot Mixed Use Project</b>	<b>275,000 Square Foot Mixed Used Project</b>
<b>Project Overview and Cost</b>			
Project Land Area (acres)	.35 acre	.5 acre	2.5 acres
Total Private Development (sq/ft)	50,000	100,000	365,000
Retail/Restaurant	12,500	20,000	25,000
Office	6,250	20,000	50,000
Residential	31,250	60,000	200,000
Public Parking Deck	0	0	90,000
Floor Area Ratio (density)	4 to 1	5 to 1	3.9 to 1
Total Project Value @ Build Out	\$6,500,000	\$13,000,000	\$35,750,000
Total Project Cost @ Build Out	\$8,200,000	\$19,632,000	\$52,368,000
Project Margin - Gap	(\$1,700,000)	(\$6,632,000)	(\$16,618,000)
Project Margin - Gap %	-21%	-34%	-32%
Estimated Cap Rate	3.80%	4.70%	3.90%
<b>Funding Scenario/Gap Analysis</b>			
Developer Equity (15% Project Value)	\$975,000	\$1,950,000	\$5,362,500
Debt Financing (conventional 7 %)	\$3,905,274	\$9,210,464	\$25,238,872
Land	\$0	\$400,000	\$2,500,000
Site Improvements (infrastructure)	\$1,100,000	\$1,500,000	\$1,500,000
Tax Increment Financing	\$350,00	\$400,000	\$1,500,000
Fee Waivers (automatic)	\$400,000	\$400,000	\$500,000
Sales Tax Sharing	\$0	\$0	\$0
Special Improvement District	\$0	\$0	\$0
New Market Tax Credits	\$0	\$0	\$1,500,000
Brownfield Tax Credits	\$0	\$0	\$1,000,000
Other (Land Clearance)	\$350,000	\$500,000	\$1,500,000
Subtotal Financing	\$6,730,274	\$14,360,464	\$40,601,372
Financing Gap	(\$1,469,726)	(\$5,271,536)	(\$11,766,628)

Exhibit 2

### 6.3.3 North Catalyst Project (Brinkman Project)

The driving force behind the expansion of the boundary area for the 2005 Plan is to expand the Original Area to include a site upon which an actual development, similar to the hypothetical small catalyst project that was envisioned in the Downtown Business Plan, can be developed. On December 6, 2011, the Council approved Resolution #R-84-2011 which approves a letter agreement for the exclusive right to negotiate a purchase and development agreement with Brinkman Partners, LLC for the “North Catalyst” project site (the former Home State Bank site). The Brinkman North Catalyst project is anticipated to be a \$9 million, 55-unit development project. The City is being asked to complete a financing package to support both the Brinkman project and to repay the balance of the Museum CEFs from the City’s 2007 purchase of the Home State Bank building. It is anticipated that the financing package will call for not less than \$1.95 million to include approximately \$1.5 million in development incentives / public improvement costs for the project to be provided by the Authority. Additionally, the Authority’s

financing would provide another approximately \$338,500 to repay Museum CEF's originally used to purchase the site, as shown in the following chart:

2007 Purchase		2011/12 Repayment	
Museum CEFs	\$900,000	Sale to Brinkman Partners	\$200,000
Kroh Foundation	\$100,000	Equity / 5 <sup>th</sup> and Lincoln	\$561,500
Erion Foundation	\$100,000	URA Financing	\$338,500
Total \$1,100,000		Total \$1,100,000	

The Brinkman project, if completed on a timely basis, could yield additional property tax increment of over \$700,000 from 2013 through 2027. Sales tax projections indicate the project may yield approximately \$120,000 over the same period of time depending on tenants of the project. All projections are conservative in nature. Should the project generate tax increment over the projections, such revenue would be available to pay for public improvements in the Modified Area.

## **7. Urban Renewal Authority Development Applications**

All City codes and standards shall apply to all development applications within the Plan Area, including when the Authority assumes the role of the primary applicant for development in the Plan Area.

## **8. Severability**

If any portion of this Plan is held to be invalid or unenforceable, such invalidity will not affect the remaining portions of the Plan.

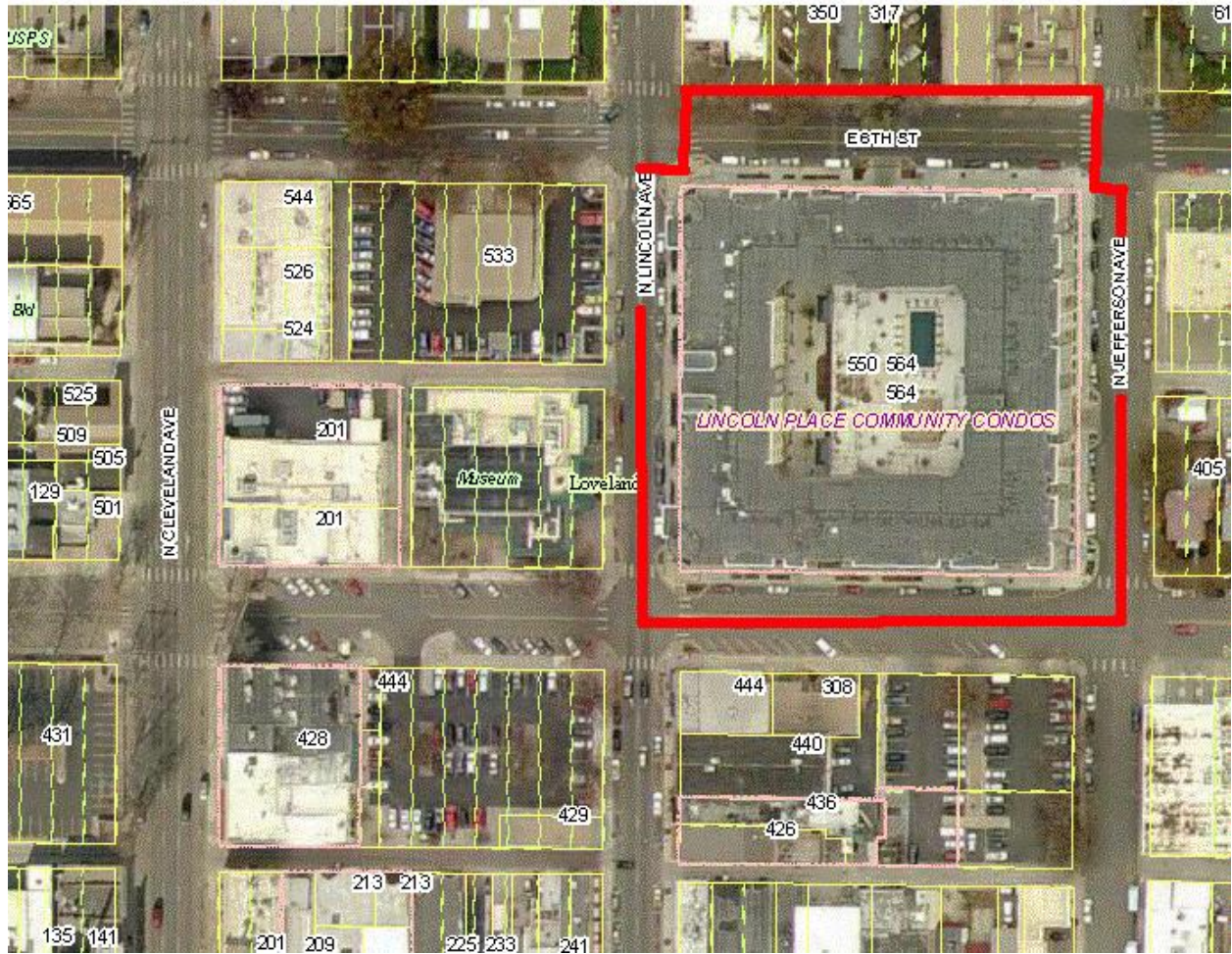
## **9. Term**

The term of this Plan is twenty-five years from the effective date of the adoption of the Downtown Plan, which was October 1, 2002. Because the Added Area was originally included in the plan area of the Downtown Plan, the term of this Plan has been tied to the same date and term as the Downtown Plan. If and when the Authority deems that all its urban renewal projects have been accomplished under this Plan and all debts incurred to finance those projects and all expenses of the Authority have been repaid, the Authority may declare this Plan fully implemented and the total tax collections derived from this Plan Area shall thereafter be paid into the funds of the appropriate taxing entity.



## Appendix A – Depiction and Description of “Original Area”

*Original 2005 “Block 41 – Finley’s Addition” Urban Renewal Plan Area*



### Legal Description of “Original Area”

The subdivision LINCOLN PLACE COMMUNITY, City of Loveland, County of Larimer, State of Colorado (20100069697) in its entirety (formerly known as Block 41 of Finley's Addition, City of Loveland, County of Larimer, State of Colorado), and

The full right-of-way of East 6<sup>th</sup> Street east of the easterly boundary line of the N. Lincoln Avenue right-of-way and west of the westerly boundary line of the N. Jefferson Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and

The east half of the right-of-way of North Lincoln Avenue north of the centerline of E. 5<sup>th</sup> Street and south of the southerly boundary line of E. 6<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado; and

The north half of the right-of-way of East 5<sup>th</sup> Street north of the centerline of East 5<sup>th</sup> Street, east of the centerline of the N. Lincoln Avenue right-of-way, and west of the centerline of the N. Jefferson Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and

The west half of the street right-of-way of N. Jefferson Avenue south of the southerly boundary of East 6<sup>th</sup> Street, and north of the centerline of E 5<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado.

## Appendix B – Depiction and Description of “Added Area”

Added in 2012 to the “Block 41 – Finley’s Addition” Urban Renewal Plan Area



— Added Area

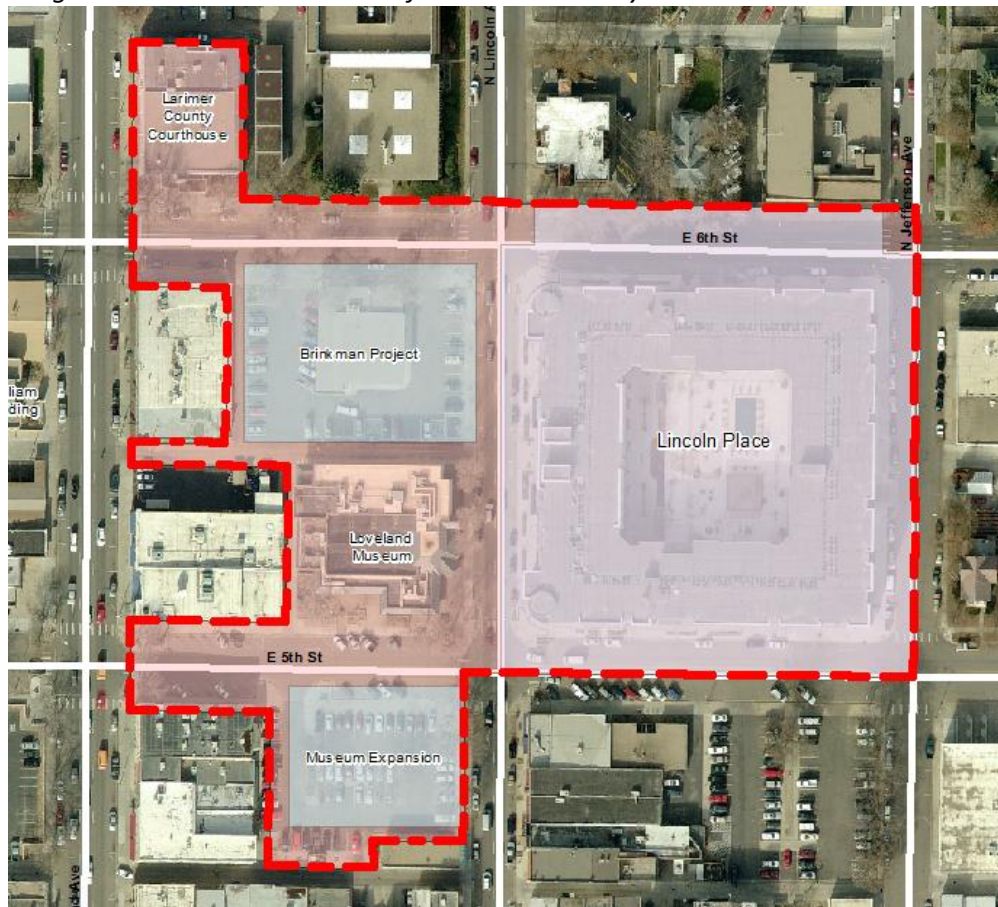
### Legal Description of “Added Area”

[County building parcel] LOTS 13 THRU 16, BLK 7, City of Loveland, County of Larimer, State of Colorado; ALSO POR VACATED ALLEY PER BK 1712 PG 733; and [Former Home State Bank parcel] LOTS 1 THRU 8, BLK 12, City of Loveland, County of Larimer, State of Colorado; and [Museum parcel] LOTS 19-24, BLK 12, City of Loveland, County of Larimer, State of Colorado; and [Vacant Parking Lot parcel] LOTS 1-7, LESS S 25 FT LOTS 1-3 AND LESS S 25 FT OF E 5 FT LOT 4, BLK 13, City of Loveland, County of Larimer, State of Colorado; and [Street & Alley ROW] The full right-of-way of East 6<sup>th</sup> Street east of the easterly boundary line of the N. Cleveland Avenue right-of-way and west of the centerline of the N. Lincoln Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and all public alley right-of-way within BLK 12, City of Loveland, County of Larimer, State of Colorado; and the full right-of-way of East 5<sup>th</sup> Street east of the easterly boundary line of the N. Cleveland Avenue right-of-way and west of the westerly boundary line of the N. Lincoln Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and the west half of the street right-of-way of N. Jefferson Avenue south of the southerly boundary of East 6<sup>th</sup> Street, and north of the centerline of E. 5<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado; and the northeast corner of the intersection of N. Lincoln Avenue & E. 6<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado; and the northwest corner of the intersection of N. Jefferson Avenue & E. 6<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado.



## Appendix C – Depiction and Description of “Modified Area”

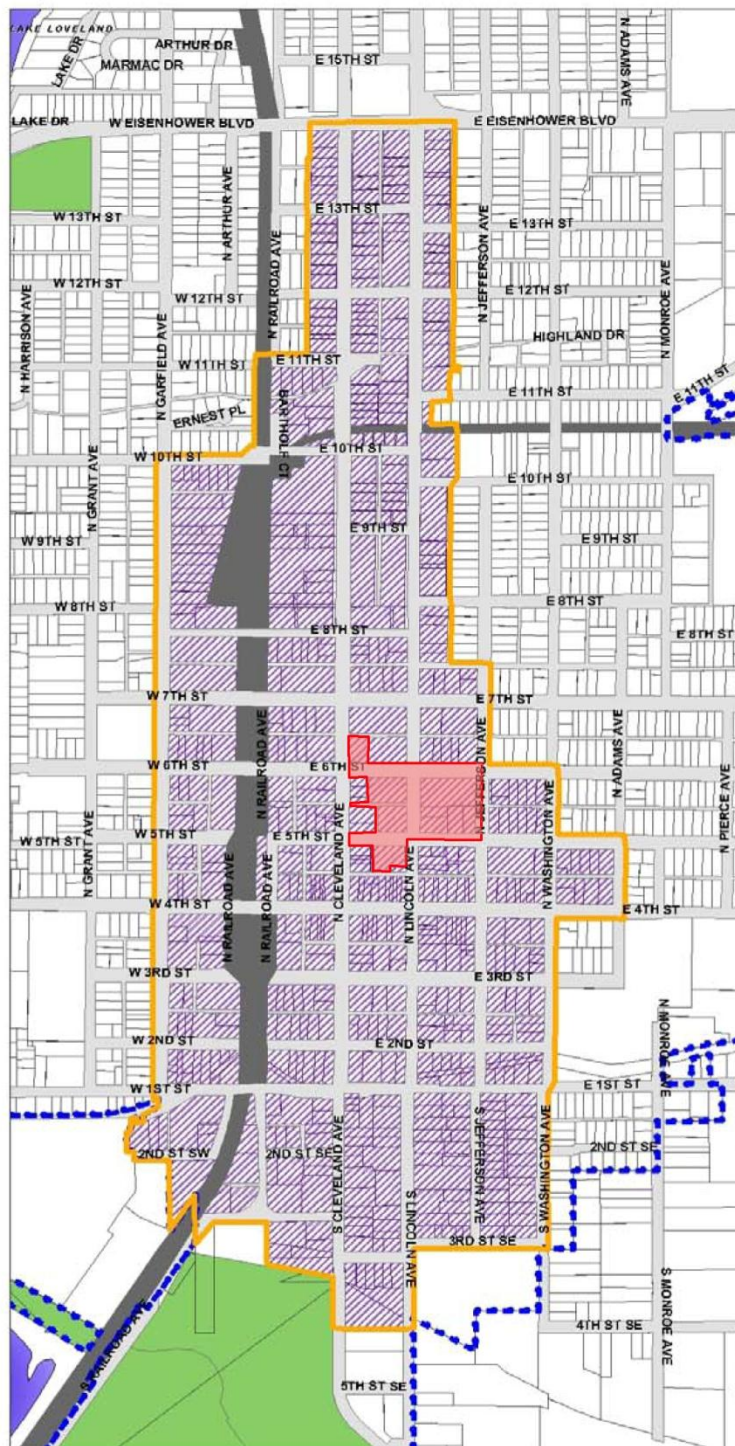
Combined Original Area and Added Area of “Block 41 – Finley’s Addition” Urban Renewal Plan Area



### Legal Description of “Modified Area”

[County building parcel] LOTS 13 THRU 16, BLK 7, City of Loveland, County of Larimer, State of Colorado; ALSO POR VACATED ALLEY PER BK 1712 PG 733; and [Former Home State Bank parcel] LOTS 1 THRU 8, BLK 12, City of Loveland, County of Larimer, State of Colorado; and [Museum parcel] LOTS 19-24, BLK 12, City of Loveland, County of Larimer, State of Colorado; and [Vacant Parking Lot parcel] LOTS 1-7, LESS S 25 FT LOTS 1-3 AND LESS S 25 FT OF E 5 FT LOT 4, BLK 13, City of Loveland, County of Larimer, State of Colorado; and [Lincoln Place parcel] The subdivision LINCOLN PLACE COMMUNITY, City of Loveland, County of Larimer, State of Colorado (20100069697) in its entirety (formerly known as Block 41 of Finley’s Addition, City of Loveland, County of Larimer, State of Colorado), and [Street & Alley ROW] The full right-of-way of East 6<sup>th</sup> Street east of the easterly boundary line of the N. Cleveland Avenue right-of-way and west of the centerline of the N. Jefferson Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and All public alley right-of-way within BLK 12, City of Loveland, County of Larimer, State of Colorado; and The full right-of-way of East 5<sup>th</sup> Street east of the easterly boundary line of the N. Cleveland Avenue right-of-way and west of the westerly boundary line of the N. Lincoln Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and The north half of the street right-of-way of the intersection of East 5<sup>th</sup> Street and N. Lincoln Avenue, north of the centerline of East 5<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado; and The north half of the right-of-way of East 5<sup>th</sup> Street north of the centerline of East 5<sup>th</sup> Street, east of the easterly boundary of the N. Lincoln Avenue right-of-way, and west of the centerline of the N. Jefferson Avenue right-of-way, City of Loveland, County of Larimer, State of Colorado; and The west half of the street right-of-way of N. Jefferson Avenue south of the southerly boundary of East 6<sup>th</sup> Street, and north of the northerly boundary of E 5<sup>th</sup> Street, City of Loveland, County of Larimer, State of Colorado.

## Appendix D – Context



### Vicinity Map

Modified Block 41 - Finley's  
Addition Urban Renewal  
Planning Area

Within the context of the  
Downtown Urban Renewal  
Planning Area



Prepared December 2011

